

The Role of Country Origin and Product Knowledge in Wuling Electric Car Purchase Decision in Indonesia

Ahmad Syaugi Al Gifary^{1*}, Mahrinasari MS², Nuzul Inas Nabila³

University of Lampung

Corresponding Author: Ahmad Syaugi Al Gifary asyaugi568@gmail.com

ARTICLE INFO

Keywords: Country-of-Origin Image, Product Knowledge, Purchase Decisions, Electric Vehicles, Wuling

Received: 4 June

Revised: 8 July

Accepted: 1 August

©2024 Gifary, MS, Nabila: This is an open-access article distributed under the terms of the [Creative Commons Atribusi 4.0 Internasional](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

In today's competitive marketing landscape, understanding factors influencing consumer purchase decisions is crucial. This study examines the impact of country-of-origin image and product knowledge on the purchasing decisions for Wuling electric vehicles in Indonesia. Employing a descriptive quantitative approach with a sample of 104 respondents, the research uses literature reviews and questionnaires to gather data. Multiple linear regression analysis reveals that both country-of-origin image and product knowledge significantly affect purchasing decisions, with positive coefficients indicating their substantial influence. Specifically, a favorable perception of China's technological advancements and product quality, alongside strong product knowledge, plays a vital role in shaping consumer choices. The findings suggest that Wuling should focus on enhancing its country image and leveraging social media to increase brand awareness. Future research could expand to include additional variables and countries for a broader understanding of purchase decision factors

INTRODUCTION

In today's competitive marketing landscape, businesses navigate a crowded field of brands and products. Kotler and Keller (2016) describe marketing as the organizational activities involved in creating, communicating, and delivering value to customers while managing profitable relationships. It covers various entities, including goods, services, events, and ideas, aiming to address human and social needs (Kotler & Keller, 2016). Core marketing concepts such as needs, wants, and demands are essential; needs are fundamental necessities like food and shelter, wants are culturally and personally shaped desires, and demands are wants supported by purchasing power. Understanding consumer behavior – how individuals and groups select, buy, and use products – is crucial for effective decision-making (Kotler & Keller, 2016).

Consumer behavior includes aspects such as bargaining, product comparison, and brand preference (Sumarwan, 2013). Lifestyle trends, influenced by external cultures, also impact consumer choices, particularly in technology products like electric vehicles. The decision to buy an electric vehicle can be influenced by the country of origin (COO), a concept explaining consumers' perceptions based on the product's origin country. Positive COO perceptions can enhance purchase intentions, while negative ones may deter consumers (Khosrozadeh & Hanzaee, 2011). Electric vehicles are increasingly popular in Indonesia due to their environmental benefits. Wuling, a Chinese brand, has gained significant market traction. China's rapid economic growth and technological advancements contribute to the brand's competitive edge. However, Indonesian consumers still exhibit a bias toward European and Japanese products. Despite this, Wuling Air EV sales have shown promising growth, indicating a shift in consumer perception and acceptance (Gaikindo, 2023).

Research suggests that COO image and product knowledge significantly impact purchase decisions. Product knowledge includes subjective knowledge, objective knowledge, and experiential knowledge (Irma & Nindria, 2014). Consumers with a positive perception of a product's COO and sufficient product knowledge are more likely to make informed purchasing decisions. In the case of Wuling, understanding the COO and product knowledge's role can help develop effective marketing strategies to boost electric vehicle adoption in Indonesia. Empirical studies have shown that product quality, influenced by COO and product knowledge, affects consumer purchase decisions (Friani, Jhony, & Henny, 2018). Thus, marketing strategies should not only aim to create purchase intentions but also focus on ensuring that consumers' perceptions align with product quality to foster long-term customer satisfaction and loyalty.

The research seeks to explore the influence of country-of-origin image and product knowledge on the purchase decisions of Wuling electric vehicles in Indonesia. Specifically, it aims to determine whether the perception of the product's originating country and the level of product knowledge significantly impact consumers' purchasing choices. The study's findings are intended to benefit companies by providing evaluative insights regarding these factors and their effects on purchasing decisions. Academically, the research aspires to serve

as a reference for future studies focused on similar themes. For the researcher, it is expected to enhance understanding of how country-of-origin image and product knowledge influence consumer behavior.

LITERATURE REVIEW

Marketing Management

Marketing focuses on achieving ongoing satisfaction for stakeholders, including customers, employees, and shareholders, by fostering beneficial exchanges between producers and consumers and adapting to changing environments. It involves identifying, creating, and communicating value while maintaining relationships to enhance customer satisfaction and maximize profits (Hasan, 2013). Kotler and Armstrong (2008) emphasize that marketing is about generating customer value and building robust relationships to secure customer value. The American Marketing Association defines it as the organizational functions and processes that create, communicate, and deliver value while managing customer relationships effectively (Kotler & Keller, 2009). Marketing management combines art and science to target markets, acquire and retain customers, and deliver superior value (Kotler & Keller, 2009).

Brand Image

Marketing aims to achieve sustained stakeholder satisfaction by measuring business performance in creating beneficial exchanges and adapting to dynamic environments (Hasan, 2013). It involves creating customer value and strong relationships (Kotler & Armstrong, 2008), and managing customer relationships beneficially (Kotler & Keller, 2009).

Country of Origin Image

The "Country of Origin" (COO) is considered an extrinsic product characteristic influencing consumer perception based on prior experiences (Roth and Romeo, 1992; Khosrozadeh Shirin & Heidarzadeh Hanzaee, 2011). COO impacts consumer evaluations, acting as a cue for product identification and influencing purchase decisions (Rizky L.P & Fajrianti, 2012). Positive COO perceptions enhance purchase intent, while negative perceptions deter it (Helly & Budhi, 2013). Indicators of COO image include economic and industrial development, technological mastery, product quality, and reliability (Khosrozadeh Shirin & Heidarzadeh Hanzaee, 2011). This concept, initially described by Nagashima, involves the reputation and stereotype of products from a specific country (Mahrinasari, 2017).

Product Knowledge

Product knowledge, based on consumer memory and familiarity, significantly impacts purchase decisions (Khosrozadeh Shirin & Heidarzadeh Hanzaee, 2011; Herrera & Blanco, 2011). It encompasses understanding product attributes, benefits, and satisfaction levels (Peter & Olson in Firmansyah, 2018). Indicators of product knowledge include having comprehensive product information, eagerness to learn more, recalling product details well, recognizing differences between products, and increased knowledge through use (Khosrozadeh Shirin & Heidarzadeh Hanzaee, 2011). High product knowledge

leads to better decision-making and efficient information processing (Sumarwan, 2003).

Buying Decision

Purchase decisions, measurable by brand consideration and future purchase intent (Laroche & Zhou in Khan et al., 2012), involve five stages: problem recognition, information search, alternative evaluation, purchase decision, and post-purchase behavior (Kotler & Armstrong, 2016). These stages, detailed by Kotler and Keller (2009), guide consumer behavior from identifying needs to evaluating satisfaction. Key indicators include the likelihood of purchasing the product and recommending it to others (Khosrozadeh Shirin & Heidarzadeh Hanzaee, 2011).

METHODOLOGY

Types of Research

This research employs a descriptive quantitative approach. According to Danang Sunyoto (2012), quantitative research uses numerical data. Sugiyono (2019) describes descriptive research as determining the value of independent variables without comparisons. This study examines the impact of product country image and product knowledge on Wuling electric car purchase decisions in Indonesia.

Object of Research

In this study, the population includes individuals who have used or are currently using Wuling electric cars (Ghozali, 2015). The sample is chosen using Purposive Sampling, targeting respondents who follow Wuling electric car developments and have purchased or intend to purchase them (Sugiyono, 2019). A total of 104 samples are used, calculated based on the formula of the number of indicators multiplied by the sample size (Hair et al., 2010).

Method of Collecting Data

In this study, data collection methods are categorized into two types: 1) Literature Study, which involves gathering information from scientific journals, literature, and related publications to establish a strong theoretical foundation (Sugiyono, 2019), and 2) Questionnaire, a data collection technique using written questions answered by respondents using a Likert scale (Sugiyono, 2019). The Likert scale measures respondents' perceptions and attitudes from 1 (strongly disagree) to 5 (strongly agree).

Data Analysis Method

Data analysis in research holds paramount importance as it reflects the variables under investigation and forms the basis for hypothesis development. The accuracy of data significantly affects the quality of research outcomes, and this accuracy depends on the effectiveness of the data collection instruments, which must be both valid and reliable (Sugiyono, 2019). Validity tests the alignment between collected data and the actual data pertaining to the research object. In this study, validity was assessed using SPSS version 25, where an item is considered valid if the Kaiser-Meyer-Olkin (KMO) measure, anti-image, and factor loadings are ≥ 0.5 (Sekaran, 2006). Reliability, on the other hand, measures the consistency of results over time using the Cronbach's Alpha coefficient, with a value > 0.60 indicating reliability (Ghozali, 2016).

The analysis of data includes multiple linear regression, which examines the relationship between a single dependent variable and several independent variables (Hair et al., 2014). Hypothesis testing involves both partial tests (t-tests) and simultaneous tests (F-tests). The t-test assesses if individual independent variables significantly impact the dependent variable by comparing t-statistics to t-table values (Abdillah & Hartono, 2015). The F-test determines whether all independent variables collectively affect the dependent variable, with a significance level of 0.05 indicating a simultaneous effect (Ghozali, 2016).

RESULT

Respondent Demographics

The demographic analysis of respondents reveals several key characteristics. Of the 104 respondents, 79.8% are male, reflecting a higher familiarity with new car models, including Wuling electric vehicles, among men. Age-wise, the majority are between 31-40 years old (71.1%), indicating that this age group is more knowledgeable about the benefits of Wuling electric cars and aligns with the company's target market. In terms of occupation, 50% are employed in government or private sectors, while 27.8% are entrepreneurs, highlighting that Wuling's clientele primarily consists of these groups. Additionally, 71.1% of respondents have a monthly expenditure exceeding Rp. 6,000,000, suggesting that they are financially capable of purchasing Wuling electric vehicles.

Distribution of Respondents' Answers

The analysis of respondents' perceptions regarding the country of origin reveals that the highest mean score was associated with the statement, "Using products produced by the country of origin of Wuling (China) is a good action," indicating that consumers view the decision to purchase Wuling vehicles from China positively. This suggests that the positive image of China as a producer influences consumer perceptions favorably, as supported by Yuniar and Aji (2022), who assert that a positive country image reflects positively on products from that country. Additionally, the other statements about China's economic development, industry advancement, and technological expertise also received high mean scores, further reinforcing the favorable view of Chinese-made Wuling products among consumers.

Regarding product knowledge, respondents indicated the highest mean score for the statement, "Having good knowledge about Wuling products," demonstrating that they possess significant information about the Wuling electric cars before making a purchase decision. This aligns with Nitisusastro's (2012) perspective that product knowledge encompasses understanding the product's characteristics, benefits, consumption risks, and satisfaction levels. The analysis also shows that consumers are likely to recommend Wuling electric cars to others, reflecting an overall positive reception and the diminishing negative stereotypes associated with products from China. This shift in perception highlights the effectiveness of Wuling's efforts to improve its brand image in the Indonesian automotive market.

Multiple Linear Regression Test

This study employed multiple linear regression analysis to examine the impact of country of origin image and product knowledge on the purchase decision of Wuling electric vehicles, with a sample size of 140 respondents and a confidence level of 95% ($\alpha = 0.05$). According to Table 4.10, the regression coefficients are 0.302 for the country of origin image (X1) and 0.214 for product knowledge (X2). The resulting regression equation is $Y = 0.470 + 0.302 X1 + 0.214 X2$. These positive and significant coefficients indicate that improvements in both the country of origin image and product knowledge positively influence consumers' purchasing decisions for Wuling electric vehicles in Indonesia.

Table 1. Regression Test Result

| Model | Unstandardized Coefficients | | Standardized Coefficients | Sig. | |
|-------|------------------------------|------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | | |
| 1 | (Constant) | 0.470 | 0.839 | | 0.577 |
| | Country of Origin Image (X1) | 0.302 | 0.049 | 0.536 | 0.001 |
| | Product Knowledge (X2) | 0.214 | 0.056 | 0.332 | 0.001 |

Hypothesis Testing

The hypothesis testing conducted indicates that both the country of origin image (X1) and product knowledge (X2) have a positive and significant impact on the purchasing decisions for Wuling electric vehicles in Indonesia.

Table 2. Hypothesis testing

| Variable | Sig. | Conclusion |
|---|--------|-------------|
| H1: The image of the country of origin has a positive influence on purchasing decisions | <0.001 | Ha accepted |
| H2: Product knowledge has a positive influence on purchasing decisions | <0.001 | Ha accepted |

This conclusion is supported by the t-test results, where Hypothesis 1 shows a significance value of 0.001, which is less than the 0.05 threshold, thereby confirming the positive partial effect of the country of origin image (X1) on purchasing decisions (Y). Similarly, Hypothesis 2 also demonstrates a significance value of 0.001, affirming the positive partial effect of product knowledge (X2) on purchasing decisions (Y) for Wuling electric vehicles.

F-Test (Simultaneously)

The F-test results in this study indicate a value of 100.970, which exceeds the critical value of 2.78, and a significance level of 0.001, which is below the 0.05 threshold. Therefore, the null hypothesis is rejected, and it can be concluded that the independent variables have a significant simultaneous effect on the dependent variable. Specifically, the F-test results suggest that both the country

of origin image and product knowledge collectively exert a significant influence on the purchasing decisions for Wuling electric vehicles.

Coefficient of Determination Test

The coefficient of determination (R^2) analysis in this study reveals an R^2 value of 0.667, indicating that the independent variables—country of origin image (X1) and product knowledge (X2)—account for approximately 66.7% of the variance in the dependent variable, which is the purchasing decision (Y) for Wuling electric vehicles. This implies that these variables have a substantial effect on purchasing decisions, while the remaining 33.3% of the variance is attributed to other factors not examined in this research. The R^2 value of 0.667 suggests a strong explanatory power of the model in predicting purchasing decisions, reflecting a significant contribution of the independent variables to the overall variation observed.

DISCUSSION

The Influence of the Image of the Product's Country of Origin on Purchasing Decisions for Wuling Electric Car Products in Indonesia

The country-of-origin image significantly influences consumer purchase decisions, as evidenced by the partial test results (t-test) showing a significance value of 0.001, which is less than the 0.05 threshold, thus supporting the hypothesis. This indicates that the country image of Wuling electric cars has a positive and significant effect on purchasing decisions. The study highlights the importance of the country of origin in consumer decision-making, as it serves as a key factor in evaluating and choosing products, particularly in the automotive sector. These findings align with Heidarzadeh Hanzaee Kambiz (2011), who found that consumers consider the origin of a product when assessing its quality. Overall, the reputation of the country of origin plays a crucial role in shaping consumer perceptions and decisions.

The Influence of Product Knowledge on Purchasing Decisions on Wuling Electric Car Products in Indonesia

Consumers are increasingly discerning in their product choices, with product knowledge playing a crucial role in the purchasing process. The significance of product knowledge is demonstrated by the partial test results (t-test), showing a significance value of 0.001, which is below the 0.05 threshold, thus supporting the hypothesis. This indicates that product knowledge positively and significantly impacts purchasing decisions for Wuling electric cars. According to Brucks, as cited in Long Yi Lin and Chu Shuo Chen (2011), a consumer's level of product knowledge affects not only their information-seeking behavior but also their decision-making process. The significant impact of product knowledge on purchasing decisions in this study suggests that enhancing product information is vital for brands. These findings are consistent with Irma Dwi Kusuma Nindria Untarini's (2014) research on the iPhone 5, which also highlights the significant effect of product knowledge on purchase decisions.

CONCLUSION AND RECOMMENDATION

Conclusion

The findings of this study confirm the initial hypothesis that both country image and product knowledge significantly positively influence the purchase decisions of Wuling electric cars. Specifically, the country image has a strong and positive impact on purchase decisions in Indonesia, with the highest mean score of 4.25 for the perception of Chinese technology and product quality, indicating that consumer trust in the product's origin plays a crucial role. Product knowledge also significantly affects purchase decisions, with the highest mean score of 4.11 for having a good understanding of Wuling electric cars, influencing consumers' decision-making.

Recommendation

According to this research, it is recommended that Wuling enhance its focus on improving its country image, particularly highlighting China's advancements in high technology and product quality. Additionally, increasing brand awareness through social media could bolster consumer knowledge and preference for Wuling electric cars. Future research should consider broader variables and multiple countries to provide a more comprehensive view of purchase decision influences.

REFERENCES

- Brucks, M. (1985). The effect of product class knowledge on information search behavior. *Journal of Consumer Research*, 12(1), 1-16.
- Helly, H., & Budhi, H. (2013). Analisis pengaruh persepsi prestise, persepsi kualitas, persepsi nilai, citra merek, citra negara asal terhadap niat pembelian produk asing yang dimediasi sikap dan variabel customer's ethnocentrism. *Marketing Intelligence & Planning*, 12, 23-40.
- Irma, D. K., & Nindria, U. (2014). Pengaruh pengetahuan produk terhadap niat beli dengan sikap sebagai variabel intervening. Jurusan Manajemen, Fakultas Ekonomi, Universitas Negeri Surabaya.
- Khan, I., et al. (2012). Impact of brand-related attributes on purchase intention of customers: A study about the customers of Punjab, Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*.
- Khosrozadeh, S., & Heidarzadeh, H. (2011). The effect of country of origin image, product knowledge, and product involvement on consumer purchase decisions. *Chinese Business Review*, 10(8), 601-615.
- Kotler, P., & Keller, K. L. (2009). *Manajemen pemasaran* (13th ed., Vol. 1). Jakarta: Erlangga.
- Kotler, P., & Keller, K. L. (2016). *Marketing management* (14th ed.). Pearson.
- Lin, L.-Y., & Chen, C.-S. (2011). The influence of country-of-origin image, product knowledge, and product involvement on consumer purchase decisions: An empirical study of insurance and catering services in Taiwan. *Journal of Consumer Marketing*, 23(5), 248-265.
- Mahrinasari, M. S., Marquette, C., & Bangsawan, S. (2017). Impact of electronic word-of-mouth communication on building brand equity: An Indonesia perspective. *Journal of Global Business Advancement*, 10(5), 1-15.
- Putri, R. L. F. (2012). Pengaruh reputasi negara asal (country of origin reputation) terhadap kepercayaan (trust) pada pembeli produk elektronik merek Changhong China. *Jurnal Psikologi Industri dan Organisasi*, 65(1), 1-12.
- Roth, M. S., & Romeo, J. B. (1992). Matching product category and country image perceptions: A framework for managing country-of-origin effects. *Journal of International Business Studies*, 23(3), 477-497.
- Rezvani, S. (2012). A conceptual study on the country of origin effect on consumer purchase intention. *Asian Social Science*, 8(12), 25-31.

Gifary, MS, Nabila

Sugiyono. (2019). *Metode penelitian kuantitatif, kualitatif, dan R&D*. Bandung: Alfabeta.

Yuniar, A. M., & Aji, G. G. (2022). Pemaknaan brand China (studi fenomenologi pada millennial pengguna mobil Wuling di Surabaya). *Commercium*, 5(1), 68-82.